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186 attitude in the firm belief that he represented the only civilized nation on earth and a righteous and moral cause. His firm stand stirred up resentment among the British promoters of empire, helped precipitate the Opium War, and resulted in his official exile. Before and after his banishment he was aware of the material advances of the West and saw the necessity of China's possession of modern ships and weapons to withstand the "rebellious barbarians."[29]

• 178 The superiority of Western arms and technology was even more evident to Li Hung-chang, a native of Anhwei who carried the burden of China's foreign relations in the last three decades of the nineteenth century. He was a leading figure in the formation of China's first modern army and navy, the construction of some of the country's first arsenals and shipyards, the promotion of modern mining, textile industries, and railroad and telegraph systems, and the advocacy of educating Chinese abroad. Yet, he refused to institute changes in China's political, economic, and social system, believing it was based on a superior culture, and his efforts at modernization were sabotaged by graft, corruption, and arbitrary interference in official circles, extending up to the throne.[30]

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29. Fairbank and Teng, op. cit., pp. 23-30.

30. Ibid., pp. 68-76, 78, 86-88, 91-93, 108-12, 118-21.

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166 464 assignment to the less industrialized localities both inside and outside the region.

166 464 178 Relocation of industrial plants for expansion and construction of sumptuous "cultural palaces" and exhibition halls require a great amount of manpower in Shanghai; in China today human brawn continues to be employed instead of machines. (For the expansion of Shanghai, see chapter on Geographical Setting.) An even greater amount of manpower is mustered in order to keep in repair the dikes along the Huai River in Anhwei Province. The flood-control project on the Huai River began over five years ago, and in its initial stage 4.5 million people were employed.[11] The irrigation projects in northern Kiangsu need workers, the dredging of the Grand Canal needs workers. And when these projects are brought to a conclusion, there will be further development of the railway system, which suffered considerable damage during the war. There will be harbor construction projects, some of which were propoaed as early as Dr. Sun Yat-sen's administration and most of which have been featured in the Communists' blueprint for long-range reconstruction. Millions of people in this region will be kept busy moving from one project to another, and they will constitute one of the mainstreams of internal migration.

166 464 As has been mentioned in the foregoing paragraphs, the movement of the people

11. Chih Huai [The Harnessing of the Hwai River] Shanghai, Hua-tung jen-min ch'u-pan-she, 1952; Hua-chiao Jih-pao [China Daily News], New York. Aug., 1955.

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515 While societies like the Ko-lao Hui aimed at the overthrow of the existing order others like the Ch'ing-pang were utilized by the Manchu government to prolong its power by extralegal means. The Ch'ing-pang was originally organized among the boatsmen and the urban unemployed along the Grand Canal and the Yangtze River. It later spread to big cities and gained recruits among the city poor, handicraftsmen, apprentices, industrial workers, policemen, shopkeepers, the self-employed, and even the civil servants. Ch'ing-pang organizations dominated the underworld of East China while Ko-lao Hui branches dominated other regions of China, especially the South and the Northwest. The Ch'ing-pang's highly organized strength provided a strong bargaining position for the support of politicians, warlords as well as capitalists. Even the Kuomintang leaders had to come to terms with the society in their campaign against the warlords, and the Japanese occupation forces during 1937-45 utilized Ch'ing-pang organizations to route Communist underground agents.[9]

•178 ## II. DISRUPTION OF THE TRADITIONAL SOCIAL STRUCTURE

Just as the scholar ideal and the family

9 Ibid., pp. 64-65.

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178 ideal helped to preserve the stability of the total social order of China, the disintegration of the traditional family system and the abolition of the imperial examination system for recruiting the ruling elite became contributing factors to the dislocation of the traditional social structure.

There was no change in the social composition of the rural population in the past several decades. As of old, the village community consisted of farm laborers at the bottom and landlords at the top. Peasant landowners and tenants constituted the bulk of the village population; and village peddlers, merchants, and artisans were members of peasant families, most of whom owned land; the village gentry, that is to say the local leaders, were mostly retired officials or educated members of landlords' or rich peasants' families.[10]

178 369 However, the growth of rural population without a comparable increase in arable land, plus the increasing number of opportunities for employment in the cities, caused the migration of some peasants to the urban centers. The continued high premium placed on learning

10. Olga Lang, Chinese Family and Society, New Haven, Yale University Press, 1946, p. 68.

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369 practical and otherwise, inducted the wealthier rural inhabitants to send their children to modern city schools which offered new opportunities. Thus, the cities became the centers from which the forces of changed radiated into the surrounding countryside.

Some of the rural immigrants became permanent residents in the cities; others returned to their home villages. Among the permanent residents, some left their families in the country while others brought their immediate families (wives and children) to the cities. In either case, it meant the breaking up of family and clan relations. Industrial work and other city employment changed the outlook of these rural people; new professions such as modern medicine, law, engineering, and banking attracted the attention of those who would otherwise have been occupied in the study of the Confucian Classics. This was especially true after Confucian training had been condemmed as impractical and not in keeping with the conditions of modern life

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178 Education in the secondary schools and colleges, however inadequate and artificial it might seem, was designed for better

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citizenship.[11] Their curricula opened a new and different world, far more interesting and intelligible to the younger generation than the Classics of old. If modern education had not always succeeded in giving new skills to the student, at least it had taught him not to be satisfied with his lot, to look to the future rather than to the past for betterment. With the increase of schools, there emerged in the cities a considerable professional class and a large number of students cut off for years from their original environment. Students and intellectuals, seeking some common meeting ground, banded together; with their newly-found organizations, came a semblance of a distinct class consciousness. Although many students depended for their subsistence on their families, they had nothing to do with the cultivation or management of land. Alienated from the land and anxious to find a new channel of social advancement, the intellectuals were confronted with the problems of social disorder. Furthermore, in contrast to the situation in Europe during a comparable cultural period when the landed aristocracy contested with the merchants, industrialists, and bankers

11. Hu Shih, The Chinese Renaissance, the Haskell Lectures, University of Chicago, 1933, Chicago, University of Chicago Press, 1934; Ssu-yü Teng and John K. Fairbank, China's Response to the West, A Documentary Survey 1839-1923, Cambridge, Mass., Harvard University Press, 1954.

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565 for positions in the ruling elite, political
• 178 power and economic power in modern China
517 continued to be in the hands of a single group. When social mobility was made difficult by the lack of a clear and recognized channel for upward social movement, social roles were less clearly defined; the sons of high government officials became industrialists, bankers' sons became diplomats, and all owned land. Intermarriages between the new and the old upper-class elements were taken for granted. Modern intellectuals, mostly from middle-class families, were unable to obtain position and status in the new business or political hierarchy and yet were unwilling to return to their home villages. They had been too long removed from their original environment to feel anything but estranged from it.

Influenced by the idea of democracy which they had discovered in school, the intellectuals began to solicit support from the masses, a move which traditional scholars would not have considered. Robert North's study of Kuomintang and Communist leaders shows that the majority of them came from the middle-class, landowning, and merchant families and were graduates of modern schools.[12] The labor

12. Robert North, Kuomintang and the Chinese Communist Elites, Stanford University Press, 1952, pp. 116-21.

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unions, the peasant associations, the rural reconstruction experiments, and the Communist Party became the milieu in which the intellectuals began their new careers.

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During this period of social and political disorder, military men began to gain power, obtaining offices by virtue of their military success. Rather than despising the military as the older scholars did, many intellectuals began to seek similar careers as a means to power. This tendency began with the opening of the Huang-p'u (Whampao) Military Academy in Kwangtung for the training of officers for the 1923-27 campaign against the warlords. In the war against Japan the prestige of military men was greatly enhanced. A military career has now become a major attraction to ambitious intellectuals as a possible channel for social advancement. Chiang Kai-shek and Mao Tse-tung, who owe much of their popular success to their military skill, suggest the prestige granted military men in the modern period.

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III. SOCIAL STRUCTURE UNDER THE COMMUNIST REGIME

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The Chinese Communists interpret the existing social structure from a Marxist viewpoint and extoll the ideal of a classless society. Their belief that the transition to a classless society is inevitable justifies the liquidation of certain surviving classes.

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156 individual relies on mass organizations for political advancement, which is the prerequisite for economic and social betterment, the mass organizations are most important for the stabilization of society under the current regime. The regime exercises the power to control the career expectancies of the members of mass organizations, reward the achievement of those who work for the goals of the Party leadership, and punish with ostracism or more severe penalties those who rebel against the order For the first time since the abolition of the imperial examination system, a main channel of social advancement has emerged. The mastery of an officially approved body of doctrine is the quickest road to social advancement. The Communist channel of social advancement leads to the selection of conformists. This state of affairs resembles, to some extent, that which prevailed in monarchical times when the mastery of dogmas contained in the classics and their commentaries was the prerequisite to success in the imperial examinations.

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178 The Communist regime has found it necessary to promote as replacements for the old ruling group Communist-reformed and Communist-trained administrative, technical, and scientific personnel. Compared with traditional social mobility, the new social mobility does not spring from ideals embodied in Chinese culture but from expedient manipulation by the Communist Party.

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The development of industry, waterway and irrigation projects, the settlement of the Northwest, and the nationalization and collectivization of many enterprises may conceivably absorb a good portion of the ambitious younger generation. If social mobility continues to depend on Party loyalty, purges may be used to secure loyalty, to provide a flow of scapegoats for grievances which accumulate under a totalitarian system, and to furnish opportunities for advancement for the coming generation, whose continued devotion to the regime is crucial to its survival. But to date in the East China Region the purge of local cadres and officials at the regional level has been mainly limited to the elimination of "old social elements" rather than to the "revolutionaries" themselves.[13]

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13. Consult the chapter on Political Dynamics in this handbook.

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596 Some variation from this pattern occurred among the upper-class families. Gentry-officials and merchants were often away from home; they frequently had personal income from salaries or business, from which they met their expenses without resorting to the family treasury.

596 The family and its extensions in China also 588 functioned to provide security in old age, food or material help to the poor, and employment for needy or deserving relatives when possible. That a son should not provide for his parents in their old age was unthinkable. Were the sons dead or in some other way unable to assist their parents, the aged were cared for by other close relatives or by the clan. Deeply sanctioned by kinship morality and firmly rooted in Chinese government and business, nepotism was one of the most resistant factors to the advance of the modern political, industrial, and business systems in the twentieth century.

III. THE CHANGING FAMILY

A. Influence of Modern Technology

596 178 The transition which occurred in the traditional Chinese family from approximately 1842 to the advent of the Communist regime is traceable to three major influences: (1) modern technology with its attendant factory system and modern business organization;

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178 (2) the new environment consisting of rapid transportaton, modern government education, rural education organizations, and modern books and periodicals; and (3) the revolutionary political and social ferment which followed in the wake of the Western penetration of China. Change came first and most penetratingly in the ports, which were initially influenced by Western trade and later by the growth of native industry centered on those cities. The same influences also reached into the rural environs of the city ports in the decades before World War II. The great mass of the Chinese people -- the population of the traditional villages, towns, and cities in the interior -- felt the modern impact only in minor ways, if at all.

The first influence of modern technology in China came in the form of an influx of manufactured goods. Their availability at cheap prices changed the consumption and production habits of the family. Articles formerly made at home were bought with cash, necessitating new types of spare-time or full-time occupation removed from the family sphere.

Much more important in effecting a change in the old family pattern was the introduction of modern factory and business methods into China. For one thing, it organized economic activity on a non-family basis. Persons from rural areas attracted to the city by the

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opportunity to earn an independent income or the necessary supplement to the family's farm income were forced to make their homes near their jobs for at least a part of the year. Either permanently or temporarily they were removed from direct family control and subjected to the new ideas associated with industrial society everywhere.

Another consequence of the factory and business system was a new criteria for employment. The efficient operation of modern production and management required that personnel be hired on the basis of the possession of such skills as a particular job demanded rather than on the old basis of personal or kin relationship to the owner or responsible management. The solidarity of blood relationship and the old employment function of kinship were prime resistants to the spread of modern business enterprise in China, but where the latter succeeded in establishing itself, it forced a fundamental break in the old Chinese familial process.

E. Influence of Modern Environment

In many places where the Chinese population was sheltered from direct contact with modern industrial life, an indirect influence was exerted by the environment. The modern curriculum taught in foreign missionary schools in the late nineteenth and

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the twentieth centuries was approximated by the new government schools and offered to a broader segment of the population in the decade before World War II. New social, political, and economic ideas thus disseminated were supplemented by the outpourings of the press. Some rural villages formerly a day's journey or more away from the nearest great city were brought only hours away by modern methods of transportation, particularly the railroad and the steamship. All these media brought the people and especially the young into contact with ideas and ways of life alien to their own. Awareness of new opportunities, comforts, and pleasures to be had in the modern city planted a seed of dissatisfaction with the old manner of living.

C. Influence of Revolutionary Thought

An even more disturbing influence on the old way of life was the increasing spread of revolutionary social and political doctrines after 1916. The monarchical reformer K'ang Yu-wei had brought the traditional family under attack as early as 1898 by castigating the "virtues" associated with it as either non-existent or harmful to society. These ideas did not achieve any widespread currency in China until the rise of the New Culture Movement in 1916, a revolution in Chinese thought and expression. It emphasized individualism, the equality of the sexes, and the duty of service and loyalty to the nation. Ideas of this sort were spread by the May

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178 Fourth Movement of 1919, in the revolutionary propaganda of the Kuomintang during its struggle for power in the mid-twenties, by the student anti-Japanese agitation of the thirties, and in the socially conscious writings of China's new and popular authors.

D. Effects on Family Nature and Structure

In the relatively small area where these influences were felt, traditional family organization and the roles and functions dependent on it were forced to give way. With a part of the family temporarily or permanently in the city, the authority of the traditional family head was undermined. He was still needed at home to carry on the farm work, and so it was generally the daughters, the sons not needed for agriculture, and occasionally, the wives who entered the cities to seek part-time or full-time work. They sent home from the cities whatever part of their wages that could be spared from their own living needs. The family head thus controlled only their excess earnings and not their full income. He no longer directed the production of the family as a unit nor determined wholly every member's share in consumption. For at least part of the year, he could exert no direct control over the city-dwelling members of the family. With the possibility of an independent livelihood in the city, adult family members in nearby villages had an alternative to harsh treatment by the family head. This factor

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596 tended to have a moderating influence on
178 paternalistic authoritarianism.

The family in the rural areas adjacent to
596 industrialized cities was also affected in other
562 ways. Men of advanced years, particularly if they had a classical education or held official position, continued to be honored. However, their position of influence and authority was challenged by younger men with the personnal qualities of dynamic leadership and success. Ancestor worship continued to give a greater primacy to males in the family but the ability of daughters to earn a wage enhanced their value to the family and made their early marriage into another family less desirable. It should be noted, however, that women of farming and laboring families worked outside of the home only out of sheer economic necessity. Neither sex approved of female employment in the factory. Whenever possible, it was avoided or terminated. Among upper-class families, women with modern education began gradually to seek employment in the professions and to regard such work as a means of establishing permanent personal and economic independence.

594 The independent family in the modern city was most subject to change. Though

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593 577 if they are counterrevolutionaries who have been pardoned by the people and are still able to work, they should be made to "reform" through labor, and should not be pitied or helped. Only if they are unable to support themselves should they be aided by the children, "for if the children do not support them, then the burdenwill fall on the state, which is obviously undesirable." As to bourgeois parents, they should normally be shown respect and concern; but if they break the law, "the children should justly and dispassionately examine their crime." Working class parents "should of course be respected, loved, and taken care of." They should not be discriminated against or ridiculed because of the shortcomings they have inherited from the old regime, but "should be patiently persuaded to see the light."[37]

V. EAST CHINA REGION

A. Disparity of Family Life

594 178 The widest diversity in the nature and function of the family is to be found in the East China Region. Kiangsu was the most industrialized province in China proper (excluding Manchuria) before World War II, and the trends forced by

37. Ibid., 973, pp. 30-32.

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accomodation to modern methods of factory production and city living paralleled the objectives sought in the Marriage Law or, at least, prepared the people for a change in the old institution. On the other hand, areas could be found throughout the East China Region where family life had been as little influenced by industrialization and modernization as could be found elsewhere in China. Fukien, for instance, was one of the last strongholds of the clan organization, which had ceased to exist as a functional entity elsewhere in the region. Fukien was also unique in another respect: the coastal areas of the province contained overseas communities wherein the family showed some significant departures from the typical Chinese family.

Communist press announcements of marriage conditions revealed by the investigations of late 1952 singled out isolated areas in the East China Region as typical of unaltered adherence to backward practices of the traditional family system throughout the country. Such examples were cited as P'ing-ho hsien, Fukien, where seventy per cent of all the women had been child brides;[38] a hsiang of T'ai-hsing hsien, Kiangsu, where the majority of children under ten years old had been betrothed by their parents;[39]

38. C.B., 236, p. 5.
39. Ibid., p. 14.

511 most bankrupt countryside in Asia is the Chinese. The worst crisis of over-population China has yet had to face has been accompanied by a breakdown of traditional ideas and traditional authority so complete as to lead to a state of near anarchy."[2]

511 182 The characteristic way of life of the peasants has been slowly disintegrating under manifold pressures. In prosperous periods in the past a delicate balance of human and economic factors fostered a crowded, conformist, but on the whole harmonious village life. Recent decades have seen the old harmony replaced by tension and a predatory struggle for survival. And, despite the isolation of most villages, ideas and ideals from the West have slowly undermined the authority of the older mores and customary laws.

178 Despite all the fissures that have developed, it is well to remember that peasant life everywhere has a tremendous inertia, that it is incredibly resistant to all the forces of change. Thus much of the sweeping change that occured in city life under comparable pressures did not occur in the peasant villages.

527 262 The main economic and social unit of the village is the family and a special study is devoted to that subject. Here we should sketch the rhythm of village life and something of its annual cycle of activity.

[Footnote No. 1 cont'd.] "...acres are actually in crops.

2. Maurice Zinkin, Asia and the West, London, 1951, p. 111.

181 668 178 There have been profound changes in basic attitudes over the last century and particularly during the last five years. Change has been brought about by two factors. The first is the disintegration of the old social and political order resulting from its failure to adapt itself to the problems and pressures of the modern world. Consequently, people became criticial of the older attitudes and, in increasing numbers, adopted newer "modern" attitudes and values which were considered better suited to a modern China. The second is the power of the Communist state, which, in the last five years, has been used to inculcate a new and uniform set of values and attitudes.

181 668 These two factors are closely interrelated. Thus, the Communists have been making a sympathetic use of individual and group-dissatisfaction with the old order to inspire and promote the acceptance of the new attitudes and values; the latter's appeal has been particularly strong with youth -- especially adolescents -- and with women who have been taught to regard the old social order as tyrannical and oppressive. The following will illustrate this point:

> Co-operative agriculture has
> organization,
> and women are not left out.
> In the old society we were badly
> mistreated,
> but the new society teaches
> friendship and love.[29]

29. Fu-nu San-tzu Ching [Three-character Classic for Women], Hsin-hua Publishing House, 1950, Op. 21. [cont'd next page]

593 In exchange for his submission to authorit
156 and discipline in every phase of his personal life, the individual was given the basic necessitie of life and the help of the family's influence in obtaining jobs, and in obtaining a bridge, etc. Nepotism was sanctioned by the classics, and family members benefited when one of them rose to wealth or power.

572 The only social relationship which an individual could enjoy with less family interference was friendship, which was the most cherished thing in life. Many a Chinese poet has dealt with this theme. Popular novels and dramas have treated it with vividness and force. Friendship has the overtones of the elder-brother, younger-brother relationship. As John Weakland has observed, this type of relationship between individuals, self-elected, with virtual equality between the participants, is a refuge from the father-dominated, rigid hierarchy of the family.[51]

829 The two patterns -- paternal domination and fraternal association -- are reflected in political life. Established governmental authority is of the paternal type; everyone is subject to the will of the emperor-father. But dissident movements are organized on the basis of the brotherly friendship pattern; the romantic rebels of Chinese novels, the organization of bandit gangs, the leadership of rebel armies are all bound together by ties of friendship and blood brotherhood.

178 When the old social order began to break
596 up under the impact of modern forces, the family

51. Ibid., pp. 137-47

178 system was undermined and began slowly to dis-
integrate. Chinese critics held that the old family
596 stifled individuality, prevented the development of
individual initiative vital to modern China, and
that it was a breeding ground for authoritarianism
hindering the development of democratic citizen-
ship. They also felt that a new kind of individual
was needed, and that the family system prevented
its birth.[52]

156 The Communists are developing a new imag
of the individual and a new relationship between the
individual and authority; doing this they are using
certain of the old family ideas and, capitalizing
on dissatisfaction with the old family system, they
are releasing the individual from his bonds and
pushing him into a new system of human relations.

The Communists have paid particular atten
tion to the groups which suffered most under the
old family: women, particularly younger women,
such as daughters-in-law, and adolescents. Bitter
denunciations of the tyranny of the old family syste
by dramatizing its inequities, insistence on the
individual's loyalty to the Party rather than to
the family -- all these are being resorted to in
order to create new individuals suited to the needs
of a Communist society. In Communist literature
this new type of individual, free of the family and
its "feudal" relationships, is presented as having
boundless opportunities for self-development.
Stories of young "heroes" who have broken away --

52. Cf. Theodore Chen, "New China, New Texts," Current History, No. 19, 1950, p. 325.

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Annex "A," Subparagraph 3b,
Economic Background

INDUSTRIAL DEVELOPMENT

I. THE SPECIAL POSITION OF EAST CHINA

178 East China, and specifically the Yangtze delta with Shanghai as its focal center, plays a unique role in Mainland China's industrial development. Compared with other regions, the Shanghai area is indisputably the most important single producer of industrial products south of Manchuria. This is virtually true with respect to all types of consumer and capital goods. Consequently, East China, especially Shanghai, has served and will continue to serve as a supply base under the Five-Year Plan for the development of industries in other areas. However, unlike Manchuria, which also performs this function, the Shanghai area is not given any special emphasis in further development under the plan. In fact, one can assert that further industrial development in the Shanghai area and, to a lesser extent, in the East China provinces as a whole, is being de-emphasized. Why this is so may be explained by the following factors.

178 The fact that prior to the establishment of the Communist regime industries had gravitated to the eastern seaboard was due to various political and economic factors among which were (1) concentration of foreign capital in the treaty ports, (2) "external economies" resulting from such concentration, (3) low cost of sea and river transport, (4) political stability in the immediate area under the effective control of the Nationalist Government and in treaty ports subject to extraterritorial jurisdiction and (5) proximity to large markets of concentrated effective demand.

While some of the above factors ceased to be operative with the end of extraterritoriality in World War II and the Communist seizure of power, notably the influence of foreign capital and management, the inordinately large demand for consumer goods heitherto present in centers like Shanghai and Nanking, and the advantage of cheap imports, these changes have been further reinforced by other considerations dominant in Communist Chinese economic planning.

In the first place, it is only too obvious to the Communists that industrial concentration in a few coastal areas adds immensely to military vulnerability. The Japanese invasion in 1937 and the consequent scramble

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178 of Chinese industry to western China was a foretaste of what might occur again with even greater devastating effect in view of the destructive power of modern weapons and the disappearance of foreign concessions and settlements which, even during the war with Japan, served for a time as a haven of private business. The apparent validity of this military consideration was given more support when industries in Shanghai were seriously harassed by the Nationalist naval blockade and air raids in 1950. Moreover, once industrial dispersion has become the watchword, and self-sufficiency has taken precedence over cheap imports, there is all the more reason to establish new industries at places close to sources of raw material supply. It is in this respect in particular that the relative scarcity of mineral resources in East China must be considered.

II. MINERAL DEPOSITS AND FUTURE DEVELOPMENT

135 It is noteworthy that in spite of its relatively highly developed industry, East China is extremely poor in iron ore reserve. On the basis of 1948 data, the region's iron ore reserve amounted to no more than 227.9 million tons or about 12 per cent of the total reserve of China proper (excluding Manchuria)

135 coal fields (Anhwei Province), but a proportionately even greater upward revision of the country's over-all coal reserve, now put at 1,000 billion tons, the relative share of East China has declined even further.

The lack of both coal and iron is further aggravated by scarcity of other mineral deposits in East China. In fact, with the exception of bauxite, which is found in large quantities in both Shantung and Chekiang, magnesite, which is found in Shantung, and manganese, available in Fukien in relatively large quantities, the East China Region is notably deficient in mineral wealth. As for other industrial raw materials, salt is readily available. On the other hand, even in the case of such a common crop as cotton, the Shanghai mills are completely dependent upon imports from other regions or, as was often the case in the pre-Communist period, from abroad.

135 178 On the basis of the paucity of mineral and other resources, as well as other considerations enumerated above, it is not surprising that among the construction projects reportedly contemplated or under way under the first Five-Year Plan, for the whole region, large coal mining projects appear to be restricted to the Huai-nan field in Anhwei and Po-shan in Shantung while development in the production of pig iron seems to be confined to the

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135 178 Ma-an-shan plant in Anhwei.[4] As for other industries, the Five-Year Plan seems to give scant attention to East China with the exception of Shanghai's machinery industry, which again is largely a case of making full use of existing facilities and the local skilled labor.

III. PRESENT STATUS OF SHANGHAI'S INDUSTRIES

178 Lest we should underestimate the present industrial importance of Shanghai in the light of what has been said above, attention should be called both to the degree of industrial recovery in Shanghai which has been reported by the Communists and the status of some of the city's industries.

464 According to the Shanghai Economic Weekly of February 5, 1953, using 1950 as the base year (100), for 1952 the index of the number of workers employed in Shanghai's light manufacturing industry stood at 138, that of electric power consumption by the same industrial group was reported at 153, and the 433 volume of sales was 199. Another indication of the degree of industrial recovery in

4. Cheng Chu-yüan, Chung-kung Wu-nien Chi-hua P'ou-hsi [An Analysis of Chinese Communists' First Five-Year Plan], Hong Kong, 1955, p. 45.

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state-private industries.[36] Data on the textile-machinery production of East China are not available, but the total production of the seven plants during 1951-53 was reported to be 600,000 spindles and 18,500 automatic looms, with which 9 state-owned cotton textile mills have been equipped.[37]

V. CONCLUSION

178 Although East China remains a vitally important part of Communist China's industrial life and will be expected to supply both capital and consumer goods to a large segment of the country's population during the Five-Year Plan, it is no longer scheduled for intensive development in the future. There may be exceptions to this general statement, particularly in certain parts of Shantung, and possibly also in Fukien, once railway construction has established an effective overland route between Amoy and the Chekiang-Kiangsi Railway. However, on the whole, it may be said that East China's heyday in Chinese industry is over. The statement is especially true in the case of Shanghai.

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36. New China News Agency, Peking, Nov. 1, 1954.

37. Hsin-hua Yüeh-pao [New China Monthly], Peking, Feb. 1954, No. 2, pp. 169-70.

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178 Such a development represents not only the continuation of a historical trend but also the blueprint of current economic planning. It may be said that the management and direction of industrial activity in East China has followed the guiding principles laid down in the national economic plan, and the problem of relative emphasis in regional development is but one aspect of planning. No attempt will be made here, however, to describe the process of general economic planning since regional variations are not of importance.[38]

Because East China, especially Shanghai, was the most highly developed industrial area in China, there was a large concentration of private firms in this area. The process of socialization has accordingly faced a more serious test in East China than elsewhere. For some of the highlights in this regard, see the chapter on the socialist transformation of private industry and commerce.

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38. See Yuan-li Wu, op. cit., pp. 192-237.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.

2: Murphy G-4 (no date) 1953 AF15 East China AF15

Textile manufacturing was by far the leading industry in Shanghai in the period 1920–36, and included the spinning, weaving, and dyeing of cotton, wool, jute, flax, hemp, and ramie, and the spinning and weaving of silk. The pattern of manufacturing was in most respects typical of the early stages of industrial development, with textiles far in the lead and light consumer goods in general predominant. Shanghai, however, as the primary focus of the Westernization process in China in which a pre-industrial economy was suddenly confronted with the impact of a highly developed industrial economy, was also engaged to some extent in the production of capital goods to supply its own consumers'-goods production and that of most of the rest of China.

For the city as a whole in 1932–33, Liu estimated[4] that the textile industry accounted for 50 to 60 per cent of Shanghai's industrial workers and 40 to 50 per cent of the value of industrial output. Cotton spinning led the textile industries, followed by silk reeling, cotton weaving, wool spinning, and wool weaving in that order. Food industries were second, with 10 to 15 per cent of the industrial workers and 30 to 35 per cent of the value of industrial output. Flour milling was first in this category, closely followed by tobacco (cigarette manufacturing). Most of the rice entering Shanghai was milled in the hinterland collection centers and all of the relatively few rice mills in the city employed fewer than 30 workers.

Clothing industries ranked third, with 3 to 5 per cent of the value of the industrial output, leather and rubber goods fourth, with 2 to 3 per cent, paper and printing fifth, chemical industries sixth (including matches, soap, cosmetics, drugs, and production of industrial chemicals), and manufacture of machinery seventh.*

The Shanghai Municipal Council in its Report for 1935 published figures showing the distribution of factories and workers within the various industries located in the International Settlement, based on surveys conducted in 1934 and corrected to November 1935. In

* These figures for 1932–33 are representative for the period 1920–1936 despite the world depression, which affected Shanghai manufacturing relatively little and whose effect in Shanghai was delayed until late 1933 in most industries, with the exception of silk reeling and weaving, which were heavily dependent on the American market. See Liu Ta-chün, *The Growth and Industrialization of Shanghai* (1936).

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A period of reconstruction ensued until the end of 1940. Much of the money of the nearby provinces had found its way into Shanghai banks during the early days of the hostilities. This money early sought employment. There was a building boom in the western district of the Settlement proper which had been free from fighting and which was one of the few areas on the China coast where Chinese industrial enterprises could develop without Japanese control. In 1938 the Government of China retired successively to Hankow and later to Chungking. Many Shanghai Chinese factory owners, while rebuilding in Shanghai, were prepared also to play their part in the industrialisation of interior China which was to be so significant in the succeeding years. Their plants in Shanghai were equally important for the war effort of Free China, however, in the years that intervened between 1938 and the outbreak of Pacific hostilities in 1941. While Hongkong remained open as a port and until through Japanese instigation the Chinese Customs in Shanghai in the autumn of 1941 prevented the export from Shanghai of certain commodities including cotton goods, very heavy shipments month by month left for the south for transport into interior China. Much cargo found its way out of Shanghai by canals and even by human transport, finally penetrating the Japanese lines and reaching the western provinces. The importance of Shanghai as a supply base during almost four years of war can be recognized when the commodity situation in free China in 1942 and later is considered. There were never sufficient consumer goods in the interior even when the trade channels from the coast were open; but the worsening of the situation and the consequent extreme rise in price levels date from the loss of Shanghai products.

In the western district Extra-Settlement area, in the enclaves between Settlement-policed roads, hundreds of new industrial structures began to rise on former vegetable gardens drained by tidal creeks. Over their construction the Shanghai Municipal Council could exercise no authority. These workshops and factories lacked elementary sanitary provisions, and, because the flimsy buildings were of inflammable material, fires were frequent. But as soon as fire had destroyed a building, the indomitable Chinese small industrialist began its reconstruction. Within the limits of the Settlement proper, the reconstruction period was used as far as possible by Public Works and Health Departments, as well as Fire Brigade

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and Industrial Division to secure improved industrial conditions. Two contrary tendencies were observed. Owners of destroyed enterprises, previously operating either in the eastern district of the Settlement or in provincial cities, in many cases showed a disposition to take advantage of new construction to erect better and more modern plants in the western district. Control in many of these cases was in the hands of younger men, trained in engineering schools abroad, sons of pioneer fathers who in earlier days had ventured into the field of industry with little capital and had succeeded. The new generation had new ideas. The other tendency unfortunately was in the opposite direction. Men who had lost all, and who were unable to accumulate capital with which to start again on a larger scale, began with very small undertakings in which good working conditions were impossible. Better, it could be argued, that workers should earn a livelihood than remain a charge on public charity, even if their working conditions were unsatisfactory to an enlightened administration. The Council's Industrial Section in these circumstances strove to persuade enterprises to conform to as high a standard as appeared possible in each case.[9]

In addition to these efforts at industrial betterment, the Shanghai Municipal Council, soon after the outbreak of hostilities, agreed to finance the continuation of the statistical work of the Bureau of Social Affairs of the former City Government. This proved to be a significant step, for it provided an accurate instrument by which the community could gauge the effect on the cost of living of the inflation and of the control of commodities after 1938. The Industrial Section also entered into the field of voluntary mediation of disputes. In 1939 and the early part of 1940 foreign-owned enterprises were affected by one strike after another. The deterioration of economic conditions in 1940 and 1941 created widespread unrest, involving public utility enterprises and many others. The mediation services of the Section were useful in the settlement of disputes and in laying the foundations for an important contact with labour. The Section concerned itself also with the basic question of technical training, organising experimental classes for adult workers which will be described later.[10]

[9] See Chapter III.
[10] See Chapter IX.

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CHAPTER III

TOWARD HEALTH AND SAFETY IN INDUSTRY

464 466 CONDITIONS RULING IN industry in Shanghai during the twenty years since the first movement to eliminate child labour was initiated with the appointment of the Child Labour Commission have often been described.[1] From the point of view of an administrative programme, however, many things remain to be said. It is obvious that industry which was allowed to develop with little public supervision and in the virtual absence of a legal instrument with which control over it might be exercised, and in a country of low living standards where mechanical concepts have, till recently, developed but slowly, would not spontaneously have given the attention to safety, hygiene and working conditions which was achieved in western countries first through the intervention of authority and only latterly through a realisation by employers that "good conditions pay."

• 178 It is difficult to give an accurate picture of the extent of Shanghai's industrialisation. Prior to the complete occupation of the Settlement by Japanese forces in December 1941, figures showing investment, production, the value of turnover, and the like were not obtainable in the absence of compulsory powers in the Council's hands to require their submission. A first effort toward an industrial census for the International Settlement was planned in 1940, to be taken simultaneously with the population census of the Settlement scheduled for that year but postponed because of the then abnormal state of affairs. Consular authorities, trade commissioners, chambers of commerce and leading industrialists were

[1] The latest treatment of the subject, by Robert W. Barnett in *Economic Shanghai: Hostage to Politics*, Institute of Pacific Relations, New York, 1941, deals with the general industrial picture, the extent of industrial employment, the effects on it of the hostilities which broke out in 1937 and the recovery which took place between 1938 and 1940. He describes in some detail the conditions ruling in small-scale enterprises, taking a sample area of dwellings converted to factory use and showing the kinds of industry present and the conditions under which work is carried on in them. He draws for much of this information on the annual reports of the Shanghai Municipal Council. Little would be gained by a recapitulation of the material there adequately presented.

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approached for their views on an industrial census, the last-named as to their willingness to supply needed information. With world-wide hostilities raging, the usual reluctance to supply confidential information was enhanced in most national groups. It was necessary therefore to abandon the plan, and in consequence no accurate measuring rod exists with which to assess Shanghai's industry.

During the first half of 1942, the Asia Development Board, the organ of the Japanese Military which dealt with economic questions, undertook a complete study of all industry, of whatever national ownership, with a view to its use in Japan's war effort. The results have naturally not been made available.

The great majority of factories and workshops in the Settlement were, prior to December 1941, of Chinese ownership. The larger plants and those employing the most workers were generally in foreign (Japanese and western) hands; and, of these, western interests owned the comparatively few plants which approximated "heavy industry." In general, foreign-owned plants were modern and well-operated. Except in the textile industry their hours of work were shorter than in Chinese plants. Earnings were somewhat higher also. It is believed that in Shanghai there were some 1,800,000 spindles in 38 Japanese-owned or Japanese-controlled cotton textile enterprises, 240,000 in five British, and 650,000 in 21 Chinese-owned cotton mills.[2] Individual cotton mills employed as a rule from 1,000 to 4,000 workers, some more. There were few other Chinese-owned plants with as many as 1,000 employees, and though a larger number of medium-size Chinese-owned industries existed, many of them were but extensions of domestic industry.

In the absence of sufficient small buildings erected for industrial purposes, hundreds of small Chinese factories and workshops were housed in buildings originally designed as dwellings and converted to industrial use. In the majority of cases, those who worked in these buildings lived in them without sleeping accommodations separate from their working quarters. A workshop by day was a dormitory by night; untying a bedding roll and spreading it out made sleeping quarters of the same few square feet in which the daytime tasks were performed. The housing congestion which is de-

[2] A world total of 145,923,000 spindles was divided in part as follows: China, 4,450,000 spindles (estimated); Japan, 11,502,000; India, 10,054,000; Great Britain, 36,322,000; the United States, 25,378,000; European continent, 50,205,000. (*The Cotton Year Book*, New York Cotton Exchange, New York, 1939.)

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ing plants or of fumes from chrome-plating vats cost money to run; motors to drive the fans had to use electric current. It was cheaper to shut them off when the inspector was not about. Unfortunately, workers had, for the most part, little comprehension of the less obvious aspects of industrial hygiene; only when experiencing actual discomfort were they likely to insist on the operation of the apparatus.

Industrial accidents were both frequent and serious. This was to be expected in plants where congestion and generally haphazard operation and management in themselves contributed to the dangers always associated with the operation of power-driven machinery. Machine guards were almost universally absent even in factories owned by foreign nationals who in their own countries would be required by law to install them. The number of fatal accidents between 1934 and 1941 averaged approximately 100 annually, while serious accidents reaching the attention of the Division numbered about 1,500. In the absence of a routine compulsory notification of industrial accidents, it may be assumed that the actual numbers were far in excess of these figures. Information concerning accidents came largely from the hospitals where the injured sought aid and from police and municipal ambulance services, and the figures cited under these circumstances refer for the most part only to the more severe cases.

Using information from these services, the Division from the inception of its work inspected the scenes of as many accidents as possible in order to instruct the occupiers of the premises in preventive steps. Even without statutory power of enforcement, much was accomplished in achieving safer conditions of work by thus seizing the psychological moment when even an otherwise indifferent employer was shaken by an accident, perhaps a fatality. Nevertheless, after several years of endeavour, whole factories were still without proper safety installations. Even if there should have been authority to compel the adoption of necessary safety measures, nothing short of individual inspection and instruction would have induced installation in the majority of cases. The concept of law as something to be obeyed because it is law was not prevalent.

IF THE OUTBREAK of hostilities in 1937 destroyed much of the advance which had been made, the reconstruction period from

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1938 to 1941 presented unique opportunities which Council officials seized eagerly.[8] Better standards and more suitable installations followed the erection of hundreds of new plants. The required submission of plans to the Building Surveyor of the Public Works Department under the Council's Building Rules gave many opportunities for contact with factory owners in the early stages of the development of their projects, and permitted the exercise of considerable influence upon what emerged. The destruction of his plant had in some instances deprived a factory owner of his resources and had driven him into beginning again on a small scale with all the disadvantages of the small enterprises previously described, but it also produced a counter-tendency. Those who were able to obtain capital for rebuilding frequently constructed anew on a modern plan, thus realising at one stroke the improvement which would have taken a considerable time in their former, destroyed plants.

The reconstruction took place at a time when newer industrial thinking among some Chinese factory owners prevailed. The generation of Chinese pioneers who had entered the field of modern industry in the first two decades of this century had done so with little fundamental understanding of mechanical operations. The waste which has occurred in Shanghai factories in the last forty years from a lack of understanding of elementary principles of industrial operations must run into large figures. If machinery ran and if goods were produced—that was enough. The fact that machinery was misused, abused, wastefully operated, or rendered useless in a short time mattered comparatively little to men who had poor understanding of machinery or of its care and upkeep, and whose economic thinking for the most part was geared to immediate "profits" rather than the long-term remunerativeness of investment.

In many cases these older entrepreneurs had given their sons educational opportunities which they themselves had lacked, such as engineering training in universities in China and abroad. In the 1920's and 1930's the numbers of qualified Chinese engineers returning from abroad had grown considerably, and they were filtering into industry. Following the 1937 destruction there were enough well-trained engineers to undertake the planning of the

[8] See Chapter I.

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new enterprises in a manner vastly different from that in which the first industrial efforts had been embarked upon. The Division took full advantage of the opportunity thus presented to co-operate with the more modern-minded Chinese industrialists. Every correct installation, every new advance in standards of excellence represented an achievement which, as time went on, others in the same field could be challenged to imitate. In consequence the Settlement industrial scene by the time Pacific hostilities broke out in December 1941 was, in part, one in which newer ideas and concepts had begun to prevail.

A conspicuous example was in the silk reeling industry. Prior to the outbreak of the 1937 hostilities, the Division had used its influence to obtain the closure of several of the older filatures in the Settlement. Many filatures were owned, not by those who reeled the silk, but by property owners who had installed crude reeling machinery and let the premises season by season to men in the reeling business. It was small wonder that the conditions were appalling. A depression in 1935 helped to convince the owners of old plants that the time had arrived to put their land to better use, and demolition of several filatures followed.

Thus at the outbreak of the 1937 hostilities there were only two silk filatures in the Settlement. New filatures had been built instead in nearby provincial cities, where there is less general congestion because land is cheaper. Skilled reelers no longer left their cities to come to Shanghai for the reeling season. But when hostilities spread into the hinterland of Shanghai, and the city became one of the few places where Chinese-owned industry might operate freely, there sprang up in 1938 no fewer than 46 steam silk filatures. The reeling of silk from cocoons demands in the first instance the freeing of the filament by boiling in water, and cocoons have to be soaked continuously in very hot water during the whole of the reeling. Old-type silk filatures contained long double rows of basins. In one row, where the water was kept actually at boiling point through steam pressure, small children beat cocoons so as to free the filament; and at the other sat women, handling extremely fine threads usually reeling from five cocoons to produce one thread of reeled silk. Tiny children stood for an eleven-hour day, soaked to the skin in a steamy atmosphere hot

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even in winter, their fingers blanched to the knuckles and their little bodies swaying from one tired foot to the other, kept at their task by a stern overseer who did not hesitate to beat those whose attention wandered.

The erection of many new filatures was the occasion to insist on a reform which had two objectives. Owners were required to install a "central boiling system," apparatus outside the workroom where cocoons were boiled. As a result, cocoons did not need to be beaten by children in actually boiling water, and cocoons needed beating less long. Though children still were used, there was some mitigation in the conditions of their work. In every one of the 46 steam silk filatures which commenced operations, success in obtaining installation of a central boiling system was achieved. And this reform was accomplished, not through legal compulsion, but through the influence of a Chinese woman factory inspector who was respected in the silk trade for technical knowledge previously gained in a Wusih filature.[9] She had reformed the operations of that filature in several ways, thereby influencing the entire silk trade in Wusih. And when hostilities drove them to Shanghai, Wusih owners and others were willing to take her direction and advice.

A second advance was made in the installation of more modern machinery known as the "slow reeling system," which dispenses with the necessity for beating the cocoons after boiling. As a result, no children need be employed. Two filatures installed this type of machinery. One, the most modern and best managed, was owned and operated by a Chinese woman. Other filatures were persuaded to experiment in the installation of a mechanical stirrer, which also had the effect of eliminating the work of children. Models of a mechanical stirrer were developed with the encouragement of Council officials by one of the new machine shops equipping the majority of the new filatures, three of which installed the device. Production was found to be improved thereby in one instance.

[9] Before the outbreak of hostilities, Wusih, a city some 70 miles distant from Shanghai, was an important industrial centre where all enterprise was Chinese-owned and operated. Flour and cotton mills and silk filatures represented the most important industries. Located in a sericultural area, with a supply of soft water particularly suitable to the reeling process, Wusih was well situated to be a silk reeling centre. The earliest modern silk filatures in China using the slow reeling process developed in Japan were in Wusih.